

Hawai'i State Association of Counties (HSAC)

Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu

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February 14, 2017

TO: The Honorable Glenn Wakai, Chair
Senate Committee on Economic Development, Tourism, and Technology

The Honorable Clarence K. Nishihara, Chair
Senate Committee on Public Safety, Intergovernmental, and Military Affairs

FROM: Stacy Crivello
HSAC President 

SUBJECT: **HEARING OF FEBRUARY 14, 2017; PROVIDING COMMENTS ON SB 1290, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on behalf of the Hawaii State Association of Counties. The purpose of this measure is to (1) adjust the allocation of transient accommodations tax revenues to the tourism special fund for inflation; and (2) adjust the allocation to the counties to equal 45 percent of the amount of revenues remaining after all other allocations are made.

Over the years, HSAC has fought for a more equitable distribution of the TAT and returning a fair share to the counties. I am providing comments on behalf of the Hawaii State Association of Counties:

1. **HSAC supports the measure's 55-45 percent split** of the remaining TAT allocation. The distribution is consistent with the work done in 2015 by the State-County Functions Working Group, tasked by the Legislature to recommend an appropriate allocation of the transient accommodations tax revenues between the State and counties.
2. Without a fair share of the TAT, **county residents are burdened** by expenses that should be paid for by the visitors' tax. Operational costs have increased dramatically for county-maintained services such as water and sewer service; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance.
3. **HSAC supports lifting the fixed cap** in favor of using a fair formula for the distribution of TAT.

Mahalo for your consideration.

HSAC:FY2017:17Testimony:SB1290a_mkz